

## Co-Chairs Summary Note on the Fund

### *Non-exhaustive, indicative list of issues raised*

1. The TC discussed various matters on governing arrangements of the Fund.
2. Discussions on the following matters received a high level of convergence:
  - a. That the fund shall have a Board, a Trustee and a dedicated Secretariat.
  - b. **Trustee:** that the World Bank is appointed as the Trustee of the Fund on an interim basis until confirmed by the Board.
  - c. **Board:** That Board will be of a manageable size. The Board will have balanced, equitable representation, including with regional balance and ensured representation for SIDS and LDCs.
  - d. **Guidance and accountability:** That the Fund shall receive guidance provided to the Board of the Fund, on an annual basis with flexibility to adjust frequency as the Fund matures. The Board will report on the actions taken to deliver on the guidance. The Fund will enter into “arrangements” possibly in the form of a MoU that sets out the roles of the Fund and the roles and responsibilities. There will be mandated periodic reviews of the performance of the Fund.
3. Discussions on the following matters reflected divergent views:
  - a. Whether or not the Fund will be designated as an operating of the Financial Mechanism of the Convention, that also serves the Paris Agreement.
  - b. Whether or not the fund would be housed in an existing institution (with an independent/dedicated secretariat, but leveraging the capabilities of that institution) or be a completely new stand-alone Fund.
  - c. Exact composition and size of the Board.
  - d. The precise role of non-Parties on the Board. The Board may wish to I accommodate a presence for civil society (noting a preference from many members for this to include indigenous peoples and private sector as non-voting members of the Board.
4. The Co-Chairs proposed further discussions are necessary on the matter of the Fund’s legal capacity on privileges and immunities.

## Possible text

### Operational Decision

*The COP/CMA*

1. *Invites* the World Bank to serve as the Trustee for the Fund [on an interim basis until confirmed by the Board.

### Terms of Reference/Governing Instrument

#### Board Functions

1. The Board of the Fund will:
  - a. Appoint and enter into legal and administrative arrangements with the Trustee.

#### Secretariat Functions

2. The Secretariat will:
  - a. Develop the work programme and annual administrative budget of the Secretariat and Trustee and submit them for approval by the Board;
  - b. Work with the Trustee to support the Board to enable it to carry out its responsibilities.

#### Trustee

3. The Board will appoint a Trustee to manage the financial assets of the Fund.
4. The Trustee is to maintain appropriate financial records and prepare financial statements and other reports required by the Board.
5. The Trustee is to administer the assets of the Fund only for the purpose of, and in accordance with, the relevant decisions of the Board. The Trustee is to hold the assets of the Fund separate and apart from the assets of the trustee, but may commingle them for administrative and investment purposes with other assets maintained by the Trustee. The trustee is to establish and maintain separate records and accounts in order to identify the assets of the Fund.
6. The roles and responsibilities of the Trustee include the receipt of contributions, holding and investing of funds, transfer of funds to implementing entities as well as accounting, reporting, financial and fiduciary management, and ensuring compliance with established World Bank procedures and internal controls.
7. The Trustee is accountable to the Board for the performance of its responsibilities as trustee for the Fund.
8. The Board will ensure that the Trustee can receive financial inputs from philanthropic foundations and other non-public and alternative sources, including new and innovative sources of finance.